

GAO

Report to the Chairman and Ranking  
Member, Committee on Veterans'  
Affairs, U.S. Senate

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July 2002

# VETERANS' BENEFITS

## VBA's Efforts to Implement the Veterans Claims Assistance Act Need Further Monitoring



G A O

Accountability \* Integrity \* Reliability

## Report Documentation Page

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<b>Abbreviations</b>	
BVA	Board of Veterans' Appeals
STAR	Systematic Technical Accuracy Review
VA	Department of Veterans Affairs
VBA	Veterans Benefits Administration
VCAA	Veterans Claims Assistance Act of 2000



United States General Accounting Office  
Washington, DC 20548

July 1, 2002

The Honorable John D. Rockefeller IV  
Chairman  
The Honorable Arlen Specter  
Ranking Member  
Committee on Veterans' Affairs  
United States Senate

In November 2000, the Veterans Claims Assistance Act (VCAA) of 2000<sup>1</sup> was enacted to ensure that the Department of Veterans Affairs (VA) assisted veterans claiming VA benefits. This legislation was passed in response to concerns expressed by veterans, veterans service organizations, and the Congress over a July 1999 decision of the U.S. Court of Appeals for Veterans Claims,<sup>2</sup> known as the *Morton* decision, which held that the VA did not have a duty to assist veterans in developing their claims unless they were "well-grounded." That is, enough information was provided for VA to determine that the claim was plausible. The VCAA invalidated certain portions of the *Morton* decision and obligated VA to assist veterans in the development of their claims. According to VA's Veterans Benefits Administration (VBA), the VCAA has significantly increased VBA's workload in processing veterans' claims for VA disability compensation and pension benefits because it decided to rework many of the 98,000 claims that had been denied under the *Morton* decision, review approximately 244,000 claims that were pending at the time the VCAA was enacted, and it added more time to the processing of new claims received after the passage of the law.

VBA considers the VCAA's implementation a significant factor in the recent growth of its inventory of compensation and pension claims awaiting decisions. From the law's enactment to January 2002, the inventory increased by more than three-quarters, to a peak of about 433,000 claims. Given the number of veterans whose claims are awaiting decisions, you asked that we evaluate VBA's implementation of the legislation. Specifically, you asked us to determine (1) what steps VBA has

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<sup>1</sup> Public Law 106-475, Nov. 9, 2000.

<sup>2</sup> *Morton v. West*, 12 Vet. App. 477 (1999).

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taken to implement the legislation and (2) how VBA is managing the slowdown in case processing.

To address the questions, we reviewed VBA guidance and regulations pertaining to the implementation of the VCAA and analyzed workload and productivity reports to identify changes since the enactment of the VCAA. We also interviewed agency officials to discuss their efforts to implement the VCAA. In addition, we visited five VBA regional offices to review their implementation of the VCAA and how the law has impacted their workload and claims processing production. The regional offices we visited were in Montgomery, Alabama; Oakland, California; Buffalo, New York; Winston-Salem, North Carolina; and Roanoke, Virginia. We focused our work on VBA's disability compensation and pension programs, since they account for most of the benefit claims in VA. We conducted our review from September 2001 through May 2002 in accordance with generally accepted government auditing standards.

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## Results in Brief

VBA has taken a number of steps to implement the VCAA, including issuing guidance, revising and supplementing this guidance based on questions raised by regional offices, and reinforcing the guidance based on the results of its accuracy reviews. Despite these efforts, VBA has found problems with consistent regional office compliance with the law. To VBA's credit, shortly after the enactment of VCAA, it issued to its regional offices its first guidance on VCAA implementation for new and pending cases. From December 2000 to February 2001, VBA issued further guidance to clarify its original guidance and respond to regional office questions. VBA also revised its quality assurance system to reflect the new VCAA requirements and capture data on their proper implementation. Despite VBA's efforts, recent results from its quality assurance reviews indicate a significant decrease in rating accuracy due, in large part, to improper regional office implementation of VCAA requirements. To correct this, VBA instructed regional office management to certify that all claims processing employees have read and understand VCAA guidance. However, VBA does not know the underlying reasons why regional offices are not properly implementing the VCAA. Without understanding the root causes of the errors, certifying that staff have read and understand the guidance may not be enough for proper implementation.

While taking steps to implement the VCAA, VBA is also focusing on significantly increasing production and reducing the claims inventory to manage the slowdown in case processing. In fiscal year 2002, VBA plans to complete about 839,000 claims to reduce its inventory to 316,000 claims.

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VBA plans to eventually reduce its inventory to 250,000 claims to meet the Secretary's timeliness goal of processing claims in an average of 100 days by the end of fiscal year 2003.<sup>3</sup> Through the first 6 months of fiscal year 2002, VBA completed about 367,000 claims, and its inventory was 412,000 claims. Although VBA has made some progress in increasing production, meeting the fiscal year 2002 production and inventory reduction goals will be challenging because VBA is relying on staff to increase their productivity even more in the second half of the fiscal year. Furthermore, as we noted in our April 2002 testimony,<sup>4</sup> cutting the time to process claims roughly in half to meet the Secretary's timeliness goal of 100 days by the end of fiscal year 2003 depends on more than just increasing production and reducing inventory. VBA continues to face difficult challenges we identified in the past that can lengthen claims processing times, such as delays in obtaining evidence.

This report contains a recommendation to the Secretary of Veterans Affairs that he direct VBA to identify the causes of the VCAA-related errors so that more specific corrective action can be taken if VBA continues to experience significant quality assurance problems related to the VCAA.

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## Background

In its July 1999 *Morton* decision, the U.S. Court of Appeals for Veterans Claims ruled that the VA did not have a duty to assist in developing claims unless they were "well-grounded" as required by federal statute. Prior to this court decision, VA policy was to assist claimants in developing a well-grounded claim. This practice, however, was not required by law, and VBA regional offices varied in the amount of assistance they provided. The VCAA (P.L. 106-475), commonly referred to as the "duty to assist" law, was enacted in November 2000. This law repealed the requirement that claims be well-grounded and it obligated VA to assist a claimant in obtaining evidence that is necessary to establish eligibility for the benefit being sought.

VCAA requires VBA to take specific steps to assist claimants once they have filed a complete claim for benefits. Specifically, the VCAA requires

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<sup>3</sup> VBA measures processing time from the date the claim was received to the date on which VBA issued a decision on the claim.

<sup>4</sup> U.S. General Accounting Office, *Veterans' Benefits: Despite Recent Improvements, Meeting Claims Processing Goals Will Be Challenging*, [GAO-02-645T](#) (Washington, D.C.: Apr. 26, 2002).

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VBA to: (1) notify claimants of the information necessary to complete the application; (2) indicate what information not previously provided is needed to prove the claim, and distinguish between the portion of the information for which the claimant will be responsible and the portion for which VA will be responsible; (3) make reasonable efforts to assist claimants in obtaining evidence to substantiate claimants' eligibility for benefits, including relevant records; and (4) inform claimants when relevant records are unable to be obtained. The VCAA also allowed for the re-adjudication of claims denied as not well-grounded between the date of the *Morton* decision, July 14, 1999, and the effective date of the VCAA, November 9, 2000. The act stated that this rework could be done at the veteran's request or on VBA's initiative. VBA decided to review all such claims and perform any necessary work, such as sending additional notifications or making new rating decisions.

The compensation program pays monthly benefits to veterans who have service-connected disabilities (injuries or diseases incurred or aggravated while on active military duty). The pension program pays monthly benefits based on financial need to wartime veterans who have low incomes and are permanently and totally disabled for reasons not service-connected.<sup>5</sup> VA expects to provide about \$25 billion in compensation and pension benefits in fiscal year 2002 to over 3 million veterans and their dependents and survivors.

Disability compensation benefits are graduated in 10 percent increments based on the degree of disability from 0 percent to 100 percent. Eligibility and priority for other VA benefits and services such as health care and vocational rehabilitation are affected by these VA disability ratings. Basic monthly payments range from \$103 for 10 percent disability to \$2,163 for 100 percent disability. Generally, veterans do not receive compensation for disabilities rated at 0 percent. About 65 percent of veterans receiving disability compensation have disabilities rated at 30 percent or lower; about 8 percent have disabilities rated at 100 percent. The most common impairments for veterans who began receiving compensation in fiscal year 2000 were skeletal conditions; tinnitus; auditory acuity impairment rated at 0 percent; arthritis due to trauma; scars; and post-traumatic stress disorder.

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<sup>5</sup> Veterans who are 65 years or older do not have to be permanently and totally disabled to become eligible for pension benefits, as long as they meet the other requirements for income and military service.

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Veterans may submit claims to any one of VBA's 57 regional offices. To develop veterans' claims, veterans service representatives at the regional offices request and obtain the necessary information to evaluate the claims. This includes veterans' military service records; medical examinations and treatment records from VA medical facilities; and treatment records from private providers. Once claims are developed and "ready to rate," rating veterans service representatives (hereafter referred to as rating specialists) evaluate the claimed disabilities and assign ratings based on degree of disability. Veterans with multiple disabilities receive a single, composite rating. For veterans claiming pension eligibility, the regional office determines if the veteran served in a period of war, is permanently and totally disabled for reasons not service-connected, and meets the income thresholds for eligibility.

If a veteran disagrees with the regional office's decision, he or she can ask for a review of that decision or appeal to VA's Board of Veterans' Appeals (BVA). BVA makes the final decision on such appeals and can grant benefits, deny benefits, or remand (return) the case to the regional office for further development and reconsideration. After reconsidering a remanded decision, the regional office either grants the claim or returns it to BVA for a final VA decision. If the veteran disagrees with BVA's decision, he or she may appeal to the U.S. Court of Appeals for Veterans Claims. If either the veteran or VA disagrees with the court's decision, they may appeal to the U.S. Court of Appeals for the Federal Circuit.

In fiscal year 1999, VBA implemented the Systematic Technical Accuracy Review (STAR) system to measure the accuracy of its claims processing for its rating-related work. Under the STAR system, VBA considers a claim to have been processed accurately if the regional office determines basic eligibility correctly, obtains all required medical and nonmedical documentary evidence, decides service-connection correctly, gives the correct rating to each impairment, determines the correct payment amount, and properly notifies the veteran of the outcome of his or her claim. If a claim has any errors in any of these areas, VBA counts the entire claim as incorrect for accuracy rate computation purposes. For the nation as a whole, VBA reported an accuracy rate of 81 percent for fiscal year 2001. VBA's goal for fiscal year 2002 is 85 percent, and its strategic goal is to achieve a national accuracy rate of 96 percent by fiscal year 2006. Beginning with fiscal year 2002, VBA has revised its accuracy measure to focus on whether regional office decisions to grant or deny are correct. Prior to this change, VA's accuracy rate included whether the decision to grant or deny claims were correct and also included errors stemming from procedural and technical issues, such as failure to include all the



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documentation in the case file. This revision to VBA's quality assurance program for compensation claims processing is consistent with recommendations made by the VA Secretary's 2001 Claims Processing Task Force. Issues related to benefit entitlement decisions would be the basis for future revision based on clear and unmistakable error or would result in a BVA remand if not otherwise corrected during the appeal process.

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## VBA's Efforts To Implement the VCAA Have Not Resulted in Full Compliance with the Law

To implement the VCAA, VBA has issued guidance, obtained and responded to regional office staff questions, conducted an informal review of cases, and issued clarifying instructions based on the questions it received and the results of its review. To better hold regional offices accountable for proper implementation, VBA revised its quality assurance system to reflect the VCAA requirements. However, recent quality reviews show that VCAA requirements are not always being met. Though VBA does not know the underlying reason why regional offices may not be meeting VCAA requirements, it has attempted to correct the implementation deficiencies by requiring regional office managers to certify that staff had read and understand VCAA guidance.

On October 19, 2000, in anticipation of enactment of the VCAA, VBA instructed regional offices to stop denying claims as not well-grounded under the *Morton* decision. On November 17, 2000—8 days after the VCAA's enactment—VBA issued its first VCAA implementation guidance and rescinded guidance on implementing *Morton*. This guidance was provided pending the revision of VA's adjudication regulations to conform with the VCAA.<sup>6</sup>

To clarify and supplement its initial guidance, VBA issued several other guidance letters through February 2001. VBA supplemented this written guidance with teleconferences and questions and answers posted on VBA's Intranet site. This guidance covered the development and adjudication of claims (1) denied as not well-grounded under *Morton*, (2) pending when the VCAA was enacted, and (3) received after the law was enacted. The guidance also covered the handling of appealed claims.

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<sup>6</sup> VA published its proposed regulations on April 4, 2001, and its final regulations on August 29, 2001.

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In February 2001, VBA issued guidance for the review of about 98,000 claims that regional offices had previously denied as not well-grounded under *Morton*. VBA required regional offices to complete reviews of these claims by October 1, 2001; it later extended this deadline to December 31, 2001. Where a new decision was required,<sup>7</sup> regional offices were to follow the VCAA guidance on notifications to veterans and claims development. This included sending “duty to assist” letters to veterans requesting any additional evidence the veterans may have to substantiate their claims; developing any previously or newly identified evidence; obtaining medical examinations, if appropriate; and making a new rating decision. If the veteran did not respond to the regional office’s request for information within 60 days, VBA could deny the claim again for lack of evidence. As of the end of March 2002, VBA has completed about 81 percent of its reviews.

The areas in which VBA clarified and supplemented its initial guidance included: (1) requesting VHA medical examinations and medical opinions; (2) pursuing records from federal agencies and private providers; and (3) notifying veterans, including requests for evidence, and notifications that VBA was unable to obtain identified evidence. For example, in response to staff questions about the criteria for scheduling medical exams and requesting medical opinions, VBA advised that medical exams should be scheduled unless it is absolutely clear that no relation exists between the veteran’s current disability and military service. Also, in response to staff questions on what to do if federal and private provider records are unavailable, VBA advised that regional offices needed positive confirmation that federal records do not exist. Regional offices also asked if they needed to develop all claims denied under *Morton* as not well-grounded or simply re-rate the claims without performing additional development. VBA responded that for all such claims that required readjudication, VBA must develop the claim in accordance with the VCAA’s requirements. Furthermore, VBA provided templates for VCAA development letters.

Veterans Service Organization (VSO) officials we spoke with at the regional offices we visited expressed concerns about the clarity and necessity of VCAA pre-decision notification letters.<sup>8</sup> They said that some

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<sup>7</sup> A new decision was not required if VBA had already readjudicated the claim, and the claim was (a) granted or (b) denied on the merits after being fully developed.

<sup>8</sup> The pre-decision notice (also known as a development letter) is a notification sent to the claimant requesting any information, not previously provided that is necessary to substantiate the claim.

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veterans did not understand why they were receiving the letters—particularly if they had already responded to previous VBA letters requesting evidence. Also, the officials said that the letters were not always clear and were often not tailored to the circumstances of individual veterans' claims. We reported in April 2002<sup>9</sup> that 43 percent of our sample of development letters did not clearly explain the actions that claimants were to take to support their claims. We recommended that VBA eliminate deficiencies in its development letter to clarify the actions that the claimant should take to substantiate a claim. In response to our recommendations, VBA agreed to revise its development letter.

In an effort to assess the impact of VCAA on the outcome of claims and to assess regional office compliance with VCAA, VBA conducted an informal review in the summer and fall of 2001 of claims that had been denied as not well-grounded under *Morton*. VBA found that its VCAA implementation instructions had not been followed in some of the cases it sampled. In particular, the letters notifying the veteran of necessary evidence were not being sent in about 20 percent of the cases. As a result of this study, VBA issued instructions in August 2001 that emphasized the need to follow the previous written guidance, particularly the need to fully and completely develop claims. This included providing notice to the veteran of any additional evidence needed, pursuing records from federal agencies and private providers, and obtaining medical examinations when needed to make a decision on the claim. VBA noted that failure to take these actions would cause STAR reviewers to find the claim to be in error and could serve as a basis for BVA to remand the claim, if appealed.

To ensure accountability by regional offices and their claims processing staffs for VCAA compliance, VBA has incorporated the requirements into its STAR quality assurance review checklists.<sup>10</sup> These revised checklists—which began to be used to review claims decisions made in October 2001—include two specific VCAA-related questions: (1) Was VCAA pre-decision notice provided and adequate? and (2) Does the record show

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<sup>9</sup> U.S. General Accounting Office, *Veterans Benefits Administration: Clarity of Letters to Claimants Needs to Be Improved*, [GAO-02-395](#) (Washington, D.C.: Apr. 23, 2002).

<sup>10</sup> Under STAR, regional offices submit samples of claims each month to be reviewed. Decisions are reviewed for accuracy and conformance with VBA's standards. Feedback is provided to the regional offices. VBA has two STAR checklists: one for rating decisions and one for "authorization" decisions, which do not require ratings.

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VCAA compliant development to obtain all indicated evidence (including a VA exam, if required) prior to deciding the claim?

Early fiscal year 2002 data show that benefit entitlement errors are still occurring because of VCAA implementation errors. Of the STAR sample of 830 rating-related decisions made from October 2001 through January 2002, the overall accuracy rate—under VBA’s new standard, which focuses on the accuracy of the decision on entitlement to benefits<sup>11</sup>—was 71 percent. VBA found that about half (142 of 288) of the entitlement decision errors involved noncompliance with VBA’s guidance on the VCAA.<sup>12</sup> Of these errors, 60 involved a pre-decision notice that was not adequate or not provided at all and 82 showed that not all indicated evidence was obtained as required.

VBA considered the error rate for VCAA compliance to be significant enough that in April 2002 it asked regional offices to “retrain” staff on the VCAA guidance and certify that the staff have read and understand the guidance, by the end of April 2002. As of May 7, 2002, 56 of the 57 offices had certified that their staff had read and understand the guidance. Although ensuring that staff have read and understand the guidance is a positive step, this may not be enough. VBA had already issued a series of implementing guidance letters to answer staff questions and to reinforce guidance prior to the STAR review. However, the STAR review showed that regional offices continued to experience problems with implementation. VBA has not determined the reasons why the regional offices are not properly implementing the VCAA.

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## VBA Is Focusing on Increasing Production, but Challenges Remain in Improving Timeliness

VBA is managing the slowdown in case processing by attempting to significantly increase regional offices’ rating decision production. VCAA contributed to the slowdown in claims processing because VBA reworked many claims based on the VCAA’s new requirements and because new claims must also be processed under these more time-consuming requirements. VBA has set production and inventory goals for fiscal year 2002, which it believes will put it on track to reducing the average time to process claims to 100 days by the end of fiscal year 2003. Although VBA has made some progress in increasing production, it faces challenges in

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<sup>11</sup> The two VCAA questions in the rating checklist are included in the criteria for determining entitlement accuracy.

<sup>12</sup> A decision may have more than one error on the STAR checklist.

meeting these production and inventory goals. Monthly production will need to significantly increase in the second half of the fiscal year if VBA is to meet its goal for the year. Even if VBA achieves its production and inventory goals, it still faces additional challenges to achieving its end of fiscal year 2003 goal of processing claims in an average of 100 days.

VBA Attributes the Slowdown in Claims Processing in Part to VCAA

VBA attributes a significant part of the increase in pending claims inventory in fiscal year 2001, and the associated increase in claims processing times, to the VCAA’s impact. According to VBA, the VCAA added to the inventory because of the need to rework many claims. VBA also believes that VCAA will lengthen the processing time of new claims, but could not quantify the extent. Several other factors, such as the addition of diabetes as a presumptive service-connected disability for veterans who served in Vietnam, the implementation of VBA’s new claims processing software, and the hiring and training of a large number of staff, also impacted VBA’s workload and production in fiscal year 2001.

Table 1: Changes in VBA’s Workload of Rating-Related Claims, Fiscal Years 1997-2002

Fiscal year	Rating-related compensation and pension claims		
	Received	Completed	End of year inventory
1997	740,052	701,717	213,193
1998	691,461	663,400	241,254
1999	639,070	630,145	250,179
2000	578,773	601,451	227,501
2001	674,219	481,117	420,603
2002 first half	358,895	367,476	412,022
2002 goal	734,087	838,874	315,586

Source: Veterans Benefits Administration.

As shown in table 1, VBA received about 95,000 more claims and produced about 120,000 fewer claims decisions in fiscal year 2001 than in the prior fiscal year.

The VCAA contributed to VBA receiving more claims in fiscal year 2001 than the prior fiscal year. The VCAA required VA, if requested by a veteran, to readjudicate claims that were denied as not well-grounded under the *Morton* decision. It also allowed VA to readjudicate these claims on its own initiative. VBA undertook a review of about 98,000 veterans’ disability claims that it had identified as previously denied as not well grounded. In

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addition, VBA had an inventory of about 244,000 rating-related claims pending when the VCAA was enacted in November 2000. VBA decided to review these claims to ensure that VCAA requirements were met. VBA had completed about 64,000 of these claims as of April 29, 2002.<sup>13</sup> In addition to the VCAA, VBA has cited other factors as contributing to the increase in its claims inventory. For example, the recent addition of diabetes as a presumptive service-connected disability for veterans who served in Vietnam has caused an influx of new disability claims. By the end of fiscal year 2003, VBA expects to have received 197,500 diabetes claims. The addition of new claims processing staff during fiscal year 2001 has also temporarily hampered the productivity of experienced staff. According to officials at some of the regional offices we visited, experienced rating specialists had less time to spend on rating work because they were helping train and mentor new rating specialists. The learning curve and implementation difficulties with VBA's new automated rating preparation system (Rating Board Automation 2000) also hampered regional offices' productivity.<sup>14</sup>

Furthermore, the VCAA has significantly impacted VBA's work processes. According to VA officials, the most significant change is the requirement to fully develop claims even in the absence of evidence showing a current disability or a link to military service. Under *Morton*, if a veteran could not provide enough information to show that the claim was plausible, VBA could deny the claim as not well-grounded. These claims must now be developed and evaluated under the expanded procedures required by the VCAA. For example, officials at one regional office we visited noted that they are requesting more medical examinations than they did before the VCAA was enacted. Also, time can be added in waiting for evidence. For example, VBA must make repeated efforts to obtain evidence from federal agencies—stopping only when the agency certifies that the record does not exist, or VBA determines that further efforts to obtain the evidence would be futile.

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<sup>13</sup> VCAA also impacted VBA's appeals workload. For example, prior to enactment of VCAA about 30 percent of appealed regional office decisions were remanded (returned) back for additional work by the Board of Veterans' Appeals. According to VBA, the VCAA led to an increase in the remand rate to about 50 percent during fiscal year 2001.

<sup>14</sup> Rating Board Automation 2000 is a system designed to assist rating specialists in preparing rating decisions on claims.

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## VBA Is Focusing on Increasing Production to Address Its VCAA-Related Slowdown

VBA is addressing its claims processing slowdown by taking steps to increase production and reduce its claims inventory. VBA believes that it will be able to reduce its inventory to a level that will enable it to process cases in an average of 100 days by the end of fiscal year 2003. Specifically, VBA has established an end of fiscal year 2002 inventory goal of about 316,000 claims. To meet this goal, VBA plans to complete about 839,000 rating-related claims during the fiscal year. The regional offices are expected to complete about 792,000 of these claims. This level of production is greater than VBA has achieved in any of the last 5 fiscal years—as shown in table 1, VBA's peak production was about 702,000 claims in fiscal year 1997. However, VBA has significantly more rating staff now than it did in any of the previous 5 fiscal years. VBA's rating staff has increased by about 50 percent since fiscal year 1997 to 1,753. To reach VBA's fiscal year 2002 production goal, rating specialists will need to complete an average of about 2.5 cases per day—a level VBA achieved in fiscal year 1999. VBA expects this production level to enable it to achieve its end-of-year inventory goal of about 316,000 rating-related claims, which VBA believes would put the agency on track to meet the Secretary's inventory goal of 250,000 cases by the end of fiscal year 2003.

To meet its production goal, in December 2001, VBA allocated its fiscal year 2002 national production target to its regional offices<sup>15</sup> based on each regional office's capacity to produce rating-related claims given each office's number of rating staff and their experience levels.<sup>16</sup> For example, an office with 5 percent of the national production capacity received 5 percent of the national production target. In February 2002, VBA revised how it allocated the monthly production targets to its regional offices based on input from regional offices regarding their current staffing levels. In allocating the target, VBA considered each regional office's fiscal year 2001 claims receipt levels, production capacity, and actual production in the first quarter of fiscal year 2002.

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<sup>15</sup> VBA had initially established production targets in March 2001 for April through December 2001. The target was to complete 52,000 rating-related claims per month that would allow VBA to reduce its inventory by 1 percent per month.

<sup>16</sup> In determining regional office production capacity, VBA officials told us that they considered the various experience levels of regional office rating specialists. For example, rating specialists with 6 months to 1 year of experience are expected to rate half as many claims as rating specialists with more than 2 years of experience. A rating specialist with 1 to 2 years of experience would be expected to rate three-quarters as many claims as a rating specialist with over 2 years' experience.

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In March 2001, VBA allowed regional offices to suspend or alter several VBA initiatives in order to increase production. Offices were allowed to revert back to an early version of VBA's Rating Board Automation (RBA) software for ratings where the new software (RBA 2000) was significantly impeding productivity. In an effort to increase rating decision output while VBA continued its training of new rating specialists, offices were directed to have their decision review officers—who handle veterans' appeals of regional office decisions—spend half their time rating claims. Also, offices were given latitude to vary from VBA's case management principles, under which claims processing teams handle most types of claims, and realign staff to perform specialized processing of certain types of claims.

To hold regional office managers accountable, VBA incorporated specific regional office production goals into regional office performance standards. For fiscal year 2002, regional office directors are expected to meet their annual production target or their monthly targets in 9 out of 12 months. Generally, the combined monthly targets for the regional offices increase as the year progresses and as the many new rating specialists hired in previous years gain experience and become fully proficient claims processors.

At the same time as it is expecting regional offices to complete more claims, VBA has implemented two initiatives to expedite claim decisions and supplement regional office capacity. In October 2001, VBA established the Tiger Team at its Cleveland Regional Office to expedite decisions on claims by veterans aged 70 and older and clear from the inventory claims that have been pending for over a year. The Tiger Team relies on 17 experienced rating specialists, complemented by a staff of veterans service representatives. The Tiger Team also relies on expedited access to evidence needed to complete claims development. For example, VA and the National Archives and Records Administration completed a Memorandum of Understanding in October 2001 to expedite Tiger Team requests for service records at the National Personnel Records Center (NPRC) in St. Louis, Missouri. Also, VBA and the Veterans Health Administration (VHA) established procedures and timeframes for expediting Tiger Team requests for medical evidence and examinations.

As of the end of May 2002, the Tiger Team had completed about 10,000 claims requested from 49 regional offices. From December 2001 through May 2002, the team's production exceeded its goal of 1,328 decisions per month. According to Tiger Team officials, its experienced rating specialists were averaging about 4 completed ratings per day. Officials added that in the short term, completing old claims might increase VBA's



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average time to complete decisions. VBA also established nine Resource Centers<sup>17</sup> to supplement regional offices' rating capacity. The Resource Centers receive claims from nearby regional offices that are "ready to rate," but which are awaiting decisions. From October 2001 through May 2002, the Resource Centers had completed about 22,000 ratings. The Tiger Team and Resource Centers are expected to complete 47,000 claim decisions in fiscal year 2002; as of the end of May 2002, they had completed about 32,000 decisions.

VBA's ability to achieve this increase in production, and reduction in inventory, depends on (1) increasing productivity of new claims processing staff over the second half of fiscal year 2002 and (2) receipts being consistent with projected levels. VBA's monthly goals for fiscal year 2002 assume that its large number of new rating specialists will become more productive, with additional experience and training, as the fiscal year progresses. However, VBA lacks historical data on the productivity of staff by experience level. Meanwhile, receipts of new claims must not exceed VBA's projections. VBA received about 359,000 rating-related claims—about 3,000 fewer than projected—in the first half of fiscal year 2002. However, an unexpected surge in receipts could mean that, even if VBA achieved its production goal for the fiscal year, it might not meet its inventory goal. External factors beyond VBA's control, such as the decisions made by the U.S. Court of Appeals for Veterans Claims, could affect VBA's workload and its ability to make sustained improvements in performance.

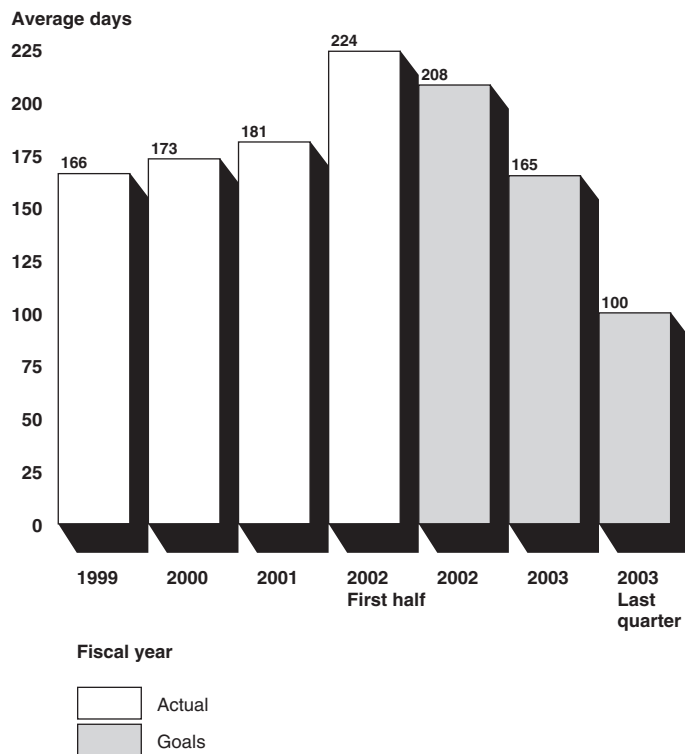
As stated in our April 2002 testimony, even if VBA meets its production and inventory goals, it still faces challenges in meeting its 100-day goal. Improving timeliness depends on more than increasing production and reducing inventory. VBA continues to face some of the same challenges that we identified in the past that can lengthen claims processing times. For example, VBA needs to continue to make progress in reducing delays in obtaining evidence, ensuring that it will have enough well-trained staff in the long term, and implementing information systems to help improve claims processing productivity.

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<sup>17</sup> The Resource Centers are located at the regional offices in San Diego, California; St. Petersburg, Florida; Togus, Maine; St. Louis, Missouri; Muskogee, Oklahoma; Philadelphia, Pennsylvania; Columbia, South Carolina; Seattle, Washington; and Huntington, West Virginia.

Figure 1 shows that VBA will need to cut average processing time from 224 days to 100 days by the end of fiscal year 2003. This is less than half its fiscal year 2002 goal and 65 days less than its fiscal year 2003 goal. VBA officials noted that the link between increasing production and improving timeliness is not clear. Thus, the officials could not show how meeting VBA's production and inventory goals would result in a specific level of timeliness improvement. Given this uncertainty, it is possible that VBA could meet its fiscal years 2002 and 2003 production and inventory goals but not meet the 100-day goal.

**Figure 1: Average Days to Complete Rating-Related Claims, Fiscal Years 1999 - 2003**



Source: Veterans Benefits Administration data.

## Conclusions

To its credit, VBA has taken a number of steps over the last year and a half to provide guidance to its regional offices on the proper application of the VCAA requirements for both new and pending veterans' claims. However, despite VBA's efforts, results from VBA's quality assurance reviews

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indicate a decrease in rating accuracy due to regional office noncompliance with VCAA requirements. In an effort to improve rating accuracy, VBA recently instructed regional office management to ensure that all claims processing employees read and understand VCAA-related guidance. But, VBA may need to do more than verify that claims processors have read and understood the VBA guidance. In the past, we have noted that VBA needs better analysis of case-specific data to identify the root causes of claims processing problems and target corrective actions. If VCAA-related accuracy problems continue, VBA will need to determine the underlying causes for the improper implementation as part of its continuing efforts to monitor proper implementation of the VCAA. Without proper implementation of VCAA, some veterans may not receive the benefits to which they are entitled by law.

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## Recommendation

If VBA continues to experience significant problems with implementing the VCAA, we recommend that the Secretary of Veterans Affairs, direct the Under Secretary for Benefits to identify the causes of the VCAA-related errors so that more specific corrective actions can be taken.

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## Agency Comments and Our Response

We received written comments on a draft of this report from VA (see app. I). In its comments, VA concurred with our recommendation that if VBA continues to experience problems with implementing the VCAA, VBA identify the causes of the VCAA-related errors so that more specific corrective actions can be taken.

We will send copies of this report to the Secretary of the Department of Veterans Affairs, appropriate congressional committees, and other interested parties. We will also make copies available to others on request. In addition, the report will be available at no charge on the GAO Web site at <http://www.gao.gov>.

If you or your staff have any questions regarding this report, please call me at (202) 512-7101 or Irene Chu, Assistant Director, at (202) 512-7102. In

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addition to those named previously, Steve Morris, Corinna Nicolaou, Martin Scire, and Greg Whitney made key contributions to this report.

A handwritten signature in black ink that reads "Cynthia Bascetta". The script is cursive and fluid, with the first name and last name clearly legible.

Cynthia A. Bascetta, Director  
Education, Workforce, and  
Income Security Issues

# Appendix: Comments from the Department of Veterans Affairs



THE SECRETARY OF VETERANS AFFAIRS  
WASHINGTON

June 21, 2002

Ms. Cynthia A. Bascetta  
Director  
Education, Workforce, and Income Security Team  
U. S. General Accounting Office  
441 G Street, NW  
Washington, DC 20548

Dear Ms. Bascetta:

This responds to your draft report, ***VETERANS' BENEFITS: VBA's Efforts to Implement the Veterans Claims Assistance Act Need Further Monitoring*** (GAO-02-412). The Department of Veterans Affairs (VA) agrees with your conclusion that, despite the steps taken by the Veterans Benefits Administration (VBA) to provide guidance to its regional offices, reviews indicate a persistent problem in rating accuracy.

VA concurs with your recommendation to identify the causes of errors related to the Veterans Claims Assistance Act (VCAA) to ensure that VBA implements specific corrective actions. As you mention in the report, in a continuing effort to rectify this emerging error trend, VBA issued a letter in April 2002 (VBA Letter 20-02-12, Decrease in Rating Quality Related to Implementation of the Duty-to-Assist Provisions) requiring regional office directors to certify that affected employees read and demonstrate an understanding of the guidance provided in the letter. It is too early to analyze the effect of the "retraining" effort required by VBA's letter. However, by the end of FY 2002, VBA will review a significant sample of work completed subsequent to this retraining. Those results will allow VBA to evaluate the effectiveness of this effort. If an unacceptable number of VCAA-related errors persist, VBA will identify the underlying causes based on the latest data. The Department is committed to correcting these shortcomings and will continue its efforts to effectively implement VCAA.

Thank you for the opportunity to comment on your draft report.

Sincerely yours,

Handwritten signature of Anthony J. Principi in black ink.  
Anthony J. Principi

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